

103D CONGRESS  
2D SESSION

**S. 2170**

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**AN ACT**

To provide a more effective, efficient, and  
responsive Government.

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

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## AN ACT

To provide a more effective, efficient, and responsive  
Government.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Government Management Reform Act of 1994”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

Sec. 1. Short title and table of contents.

#### TITLE I—LIMITATION ON PAY

Sec. 101. Limitation on certain annual pay adjustments.

#### TITLE II—HUMAN RESOURCE MANAGEMENT

Sec. 201. SES annual leave accumulation.

#### TITLE III—STREAMLINING MANAGEMENT CONTROL

Sec. 301. Authority to increase efficiency in reporting to Congress.

#### TITLE IV—FINANCIAL MANAGEMENT

Sec. 401. Short title.

Sec. 402. Electronic payments.

Sec. 403. Franchise fund pilot programs.

Sec. 404. Simplification of management reporting process.

Sec. 405. Annual financial reports.

## 3 **TITLE I—LIMITATION ON PAY**

### 4 **SEC. 101. LIMITATION ON CERTAIN ANNUAL PAY ADJUST-** 5 **MENTS.**

6 Effective as of December 31, 1994—

7 (1) section 601(a)(2) of the Legislative Reorga-  
 8 nization Act of 1946 (2 U.S.C. 31(2)) is amended—

9 (A) by striking out “(2) Effective” and in-  
 10 serting in lieu thereof “(2)(A) Subject to sub-  
 11 paragraph (B), effective”; and

12 (B) by adding at the end thereof the fol-  
 13 lowing:

14 “(B) In no event shall the percentage adjustment tak-  
 15 ing effect under subparagraph (A) in any calendar year  
 16 (before rounding), in any rate of pay, exceed the percent-

1 age adjustment taking effect in such calendar year under  
2 section 5303 of title 5, United States Code, in the rates  
3 of pay under the General Schedule.”;

4 (2) section 104 of title 3, United States Code,  
5 is amended—

6 (A) in the first sentence by inserting “(a)”  
7 before “The”;

8 (B) in the second sentence by striking out  
9 “Effective” and inserting in lieu thereof “Sub-  
10 ject to subsection (b), effective”; and

11 (C) by adding at the end thereof the fol-  
12 lowing:

13 “(b) In no event shall the percentage adjustment tak-  
14 ing effect under the second and third sentences of sub-  
15 section (a) in any calendar year (before rounding) exceed  
16 the percentage adjustment taking effect in such calendar  
17 year under section 5303 of title 5 in the rates of pay under  
18 the General Schedule.”;

19 (3) section 5318 of title 5, United States Code,  
20 is amended—

21 (A) in the first sentence by striking out  
22 “Effective” and inserting in lieu thereof “(a)  
23 Subject to subsection (b), effective”; and

24 (B) by adding at the end thereof the fol-  
25 lowing:

1 “(b) In no event shall the percentage adjustment tak-  
 2 ing effect under subsection (a) in any calendar year (be-  
 3 fore rounding), in any rate of pay, exceed the percentage  
 4 adjustment taking effect in such calendar year under sec-  
 5 tion 5303 in the rates of pay under the General Sched-  
 6 ule.”; and

7 (4) section 461(a) of title 28, United States  
 8 Code, is amended—

9 (A) by striking out “(a) Effective” and in-  
 10 serting in lieu thereof “(a)(1) Subject to para-  
 11 graph (2), effective”; and

12 (B) by adding at the end thereof the fol-  
 13 lowing:

14 “(2) In no event shall the percentage adjustment tak-  
 15 ing effect under paragraph (1) in any calendar year (be-  
 16 fore rounding), in any salary rate, exceed the percentage  
 17 adjustment taking effect in such calendar year under sec-  
 18 tion 5303 of title 5 in the rates of pay under the General  
 19 Schedule.”.

## 20 **TITLE II—HUMAN RESOURCE** 21 **MANAGEMENT**

### 22 **SEC. 201. SES ANNUAL LEAVE ACCUMULATION.**

23 (a) IN GENERAL.—Effective on the first day of the  
 24 first applicable pay period beginning after the date of the

1 enactment of this Act, subsection (f) of section 6304 of  
2 title 5, United States Code, is amended to read as follows:

3 “(f)(1) This subsection applies with respect to annual  
4 leave accrued by an individual while serving in a position  
5 in—

6 “(A) the Senior Executive Service;

7 “(B) the Senior Foreign Service;

8 “(C) the Defense Intelligence Senior Executive  
9 Service;

10 “(D) the Senior Cryptologic Executive Service;

11 or

12 “(E) the Federal Bureau of Investigation and  
13 Drug Enforcement Administration Senior Executive  
14 Service.

15 “(2) For purposes of applying any limitation on accu-  
16 mulation under this section with respect to any annual  
17 leave described in paragraph (1)—

18 “(A) ‘30 days’ in subsection (a) shall be deemed  
19 to read ‘90 days’; and

20 “(B) ‘45 days’ in subsection (b) shall be  
21 deemed to read ‘90 days’.”.

22 (b) USE OF EXCESS LEAVE.—Notwithstanding the  
23 amendment made by subsection (a), in the case of an em-  
24 ployee who, on the effective date of subsection (a), is sub-  
25 ject to subsection (f) of section 6304 of title 5, United

1 States Code, and who has to such employee's credit annual  
 2 leave in excess of the maximum accumulation otherwise  
 3 permitted by subsection (a) or (b) of section 6304 (deter-  
 4 mined applying the amendment made by subsection (a)),  
 5 such excess annual leave shall remain to the credit of the  
 6 employee and be subject to reduction, in the same manner  
 7 as provided in subsection (c) of section 6304.

### 8 **TITLE III—STREAMLINING** 9 **MANAGEMENT CONTROL**

#### 10 **SEC. 301. AUTHORITY TO INCREASE EFFICIENCY IN RE-** 11 **PORTING TO CONGRESS.**

12 (a) PURPOSE.—The purpose of this title is to improve  
 13 the efficiency of executive branch performance in imple-  
 14 menting statutory requirements for reports to Congress  
 15 and committees of Congress such as the elimination or  
 16 consolidation of duplicative or obsolete reporting require-  
 17 ments and adjustments to deadlines that shall provide for  
 18 more efficient workload distribution or improve the quality  
 19 of reports.

20 (b) AUTHORITY OF THE DIRECTOR.—The Director of  
 21 the Office of Management and Budget may publish annu-  
 22 ally in the budget submitted by the President to the Con-  
 23 gress, recommendations for consolidation, elimination, or  
 24 adjustments in frequency and due dates of statutorily re-  
 25 quired periodic reports to the Congress or committees of

1 Congress. For each recommendation, the Director shall  
 2 provide an individualized statement of the reasons that  
 3 support the recommendation. In addition, for each report  
 4 for which a recommendation is made, the Director shall  
 5 state with specificity the exact consolidation, elimination,  
 6 or adjustment in frequency or due date that is rec-  
 7 ommended.

8 (c) RECOMMENDATIONS.—The Director’s rec-  
 9 ommendations shall be consistent with the purpose stated  
 10 in subsection (a).

11 (d) CONSULTATION.—Before the publication of the  
 12 recommendations under subsection (b), the Director or his  
 13 designee shall consult with the appropriate congressional  
 14 committees concerning the recommendations.

## 15 **TITLE IV—FINANCIAL** 16 **MANAGEMENT**

### 17 **SEC. 401. SHORT TITLE.**

18 This title may be cited as the “Federal Financial  
 19 Management Act of 1994”.

### 20 **SEC. 402. ELECTRONIC PAYMENTS.**

21 (a) IN GENERAL.—Section 3332 of title 31, United  
 22 States Code, is amended to read as follows:

#### 23 **“§ 3332. Required direct deposit**

24 “(a)(1) Notwithstanding any other provision of law,  
 25 all Federal wage, salary, and retirement payments shall



1 be paid to recipients of such payments by electronic funds  
2 transfer, unless another method has been determined by  
3 the Secretary of the Treasury to be appropriate.

4 “(2) Each recipient of Federal wage, salary, or retire-  
5 ment payments shall designate one or more financial insti-  
6 tutions or other authorized payment agents and provide  
7 the payment certifying or authorizing agency information  
8 necessary for the recipient to receive electronic funds  
9 transfer payments through each institution so designated.

10 “(b)(1) The head of each agency shall waive the re-  
11 quirements of subsection (a) of this section for a recipient  
12 of Federal wage, salary, or retirement payments author-  
13 ized or certified by the agency upon written request by  
14 such recipient.

15 “(2) Federal wage, salary, or retirement payments  
16 shall be paid to any recipient granted a waiver under para-  
17 graph (1) of this subsection by any method determined  
18 appropriate by the Secretary of the Treasury.

19 “(c)(1) The Secretary of the Treasury may waive the  
20 requirements of subsection (a) of this section for any  
21 group of recipients upon request by the head of an agency  
22 under standards prescribed by the Secretary of the Treas-  
23 ury.

24 “(2) Federal wage, salary, or retirement payments  
25 shall be paid to any member of a group granted a waiver

1 under paragraph (1) of this subsection by any method de-  
 2 termined appropriate by the Secretary of the Treasury.

3 “(d) This section shall apply only to recipients of  
 4 Federal wage or salary payments who begin to receive  
 5 such payments on or after January 1, 1995, and recipients  
 6 of Federal retirement payments who begin to receive such  
 7 payments on or after January 1, 1995.

8 “(e) The crediting of the amount of a payment to  
 9 the appropriate account on the books of a financial institu-  
 10 tion or other authorized payment agent designated by a  
 11 payment recipient under this section shall constitute a full  
 12 acquittance to the United States for the amount of the  
 13 payment.”.

14 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 15 The table of sections for chapter 33 of title 31, United  
 16 States Code, is amended by amending the item for section  
 17 3332 to read:

“3332. Required direct deposit.”.

18 **SEC. 403. FRANCHISE FUND PILOT PROGRAMS.**

19 (a) ESTABLISHMENT.—There is authorized to be es-  
 20 tablished on a pilot program basis in each of six executive  
 21 agencies a franchise fund. The Director of the Office of  
 22 Management and Budget, after consultation with the  
 23 chairman and ranking members of the Committees on Ap-  
 24 propriations and Governmental Affairs of the Senate, and  
 25 the Committees on Appropriations and Government Oper-

1 ations of the House of Representatives, shall designate the  
2 agencies.

3 (b) USES.—Each such fund may provide, consistent  
4 with guidelines established by the Director of the Office  
5 of Management and Budget, such common administrative  
6 support services to the agency and to other agencies as  
7 the head of such agency, with the concurrence of the Di-  
8 rector, determines can be provided more efficiently  
9 through such a fund than by other means. To provide such  
10 services, each such fund is authorized to acquire the cap-  
11 ital equipment, automated data processing systems, and  
12 financial management and management information sys-  
13 tems needed. Services shall be provided by such funds on  
14 a competitive basis.

15 (c) FUNDING.—(1) There are authorized to be appro-  
16 priated to the franchise fund of each agency designated  
17 under subsection (a) such funds as are necessary to carry  
18 out the purposes of the fund, to remain available until ex-  
19 pended. To the extent that unexpended balances remain  
20 available in other accounts for the purposes to be carried  
21 out by the fund, the head of the agency may transfer such  
22 balances to the fund.

23 (2) Fees for services shall be established by the head  
24 of the agency at a level to cover the total estimated costs  
25 of providing such services. Such fees shall be deposited

1 in the agency's fund to remain available until expended,  
2 and may be used to carry out the purposes of the fund.

3 (3) Existing inventories, including inventories on  
4 order, equipment, and other assets or liabilities pertaining  
5 to the purposes of the fund may be transferred to the  
6 fund.

7 (d) REPORT ON PILOT PROGRAMS.—Within 6  
8 months after the end of fiscal year 1997, the Director of  
9 the Office of Management and Budget shall forward a re-  
10 port on the results of the pilot programs to the Commit-  
11 tees on Appropriations of the Senate and of the House  
12 of Representatives, and to the Committee on Govern-  
13 mental Affairs of the Senate and the Committee on Gov-  
14 ernment Operations of the House of Representatives. The  
15 report shall contain the financial and program perform-  
16 ance results of the pilot programs, including recommenda-  
17 tions for—

18 (1) the structure of the fund;

19 (2) the composition of the funding mechanism;

20 (3) the capacity of the fund to promote com-  
21 petition; and

22 (4) the desirability of extending the application  
23 and implementation of franchise funds to other Fed-  
24 eral agencies.

1 (e) PROCUREMENT.—Nothing in this section shall be  
2 construed as relieving any agency of any duty under appli-  
3 cable procurement laws.

4 (f) TERMINATION.—The provisions of this section  
5 shall expire on October 1, 1999.

6 **SEC. 404. SIMPLIFICATION OF MANAGEMENT REPORTING**  
7 **PROCESS.**

8 (a) IN GENERAL.—To improve the efficiency of exec-  
9 utive branch performance in implementing statutory re-  
10 quirements for financial management reporting to the  
11 Congress and its committees, the Director of the Office  
12 of Management and Budget may adjust the frequency and  
13 due dates of or consolidate any statutorily required reports  
14 of agencies to the Office of Management and Budget or  
15 the President and of agencies or the Office of Management  
16 and Budget to the Congress under any laws for which the  
17 Office of Management and Budget has financial manage-  
18 ment responsibility, including—

19 (1) chapters 5, 9, 11, 33, 35, 37, 39, 75, and  
20 91 of title 31, United States Code;

21 (2) the Federal Civil Penalties Inflation Adjust-  
22 ment Act of 1990 (28 U.S.C. 2461 note; Public Law  
23 101–410; 104 Stat. 890).

24 (b) APPLICATION.—The authority provided in sub-  
25 section (a) shall apply only to reports of agencies to the

1 Office of Management and Budget or the President and  
2 of agencies or the Office of Management and Budget to  
3 the Congress required by statute to be submitted between  
4 January 1, 1995, and September 30, 1997.

5 (c) ADJUSTMENTS IN REPORTING.—The Director  
6 may consolidate or adjust the frequency and due dates of  
7 any statutorily required reports under subsections (a) and  
8 (b) only after—

9 (1) consultation with the Chairman of the Sen-  
10 ate Committee on Governmental Affairs and the  
11 Chairman of the House of Representatives Commit-  
12 tee on Government Operations; and

13 (2) written notification to the Congress, no  
14 later than February 8 of each fiscal year covered  
15 under subsection (b) for those reports required to be  
16 submitted during that fiscal year.

17 **SEC. 405. ANNUAL FINANCIAL REPORTS.**

18 (a) FINANCIAL STATEMENTS.—Section 3515 of title  
19 31, United States Code, is amended to read as follows:

20 **“§ 3515. Financial statements of agencies**

21 “(a) Not later than March 1 of 1997 and each year  
22 thereafter, the head of each executive agency identified in  
23 section 901(b) of this title shall prepare and submit to  
24 the Director of the Office of Management and Budget an  
25 audited financial statement for the preceding fiscal year,

1 covering all accounts and associated activities of each of-  
2 fice, bureau, and activity of the agency.

3 “(b) Each audited financial statement of an executive  
4 agency under this section shall reflect—

5 “(1) the overall financial position of the offices,  
6 bureaus, and activities covered by the statement, in-  
7 cluding assets and liabilities thereof; and

8 “(2) results of operations of those offices, bu-  
9 reaus, and activities.

10 “(c) The Director of the Office of Management and  
11 Budget shall identify components of executive agencies  
12 that shall be required to have audited financial statements  
13 meeting the requirements of subsection (b).

14 “(d) The Director of the Office of Management and  
15 Budget shall prescribe the form and content of the finan-  
16 cial statements of executive agencies under this section,  
17 consistent with applicable accounting and financial report-  
18 ing principles, standards, and requirements.

19 “(e) The Director of the Office of Management and  
20 Budget may waive the application of all or part of sub-  
21 section (a) for financial statements required for fiscal  
22 years 1996 and 1997.

23 “(f) Not later than March 1 of 1995 and 1996, the  
24 head of each executive agency identified in section 901(b)  
25 of this title and designated by the Director of the Office

1 of Management and Budget shall prepare and submit to  
2 the Director of the Office of Management and Budget an  
3 audited financial statement for the preceding fiscal year,  
4 covering all accounts and associated activities of each of-  
5 fice, bureau, and activity of the agency.

6 “(g) Not later than March 31 of 1995 and 1996, for  
7 executive agencies not designated by the Director of the  
8 Office of Management and Budget under subsection (f),  
9 the head of each executive agency identified in section  
10 901(b) of this title shall prepare and submit to the Direc-  
11 tor of the Office of Management and Budget a financial  
12 statement for the preceding fiscal year, covering—

13 “(1) each revolving fund and trust fund of the  
14 agency; and

15 “(2) to the extent practicable, the accounts of  
16 each office, bureau, and activity of the agency which  
17 performed substantial commercial functions during  
18 the preceding fiscal year.

19 “(h) For purposes of subsection (g), the term ‘com-  
20 mercial functions’ includes buying and leasing of real es-  
21 tate, providing insurance, making loans and loan guaran-  
22 tees, and other credit programs and any activity involving  
23 the provision of a service or thing for which a fee, royalty,  
24 rent, or other charge is imposed by an agency for services  
25 and things of value it provides.”.



1       (b) AUDITS BY AGENCIES.—Subsection 3521(f) of  
2 title 31, United States Code, is amended to read as fol-  
3 lows:

4       “(f)(1) For each audited financial statement required  
5 under subsections (a) and (f) of section 3515 of this title,  
6 the person who audits the statement for purpose of sub-  
7 section (e) of this section shall submit a report on the  
8 audit to the head of the agency. A report under this sub-  
9 section shall be prepared in accordance with generally ac-  
10 cepted government auditing standards.

11       “(2) Not later than June 30 following the fiscal year  
12 for which a financial statement is submitted under sub-  
13 section (g) of section 3515 of this title, the person who  
14 audits the statement for purpose of subsection (e) of this  
15 section shall submit a report on the audit to the head of  
16 the agency. A report under this subsection shall be pre-  
17 pared in accordance with generally accepted government  
18 auditing standards.”.

19       (c) GOVERNMENTWIDE FINANCIAL STATEMENT.—  
20 Section 331 of title 31, United States Code, is amended  
21 by adding the following new subsection:

22       “(e)(1) Not later than March 31 of 1998 and each  
23 year thereafter, the Secretary of the Treasury, in coordi-  
24 nation with the Director of the Office of Management and  
25 Budget, shall annually prepare and submit to the Presi-

1 dent and the Congress an audited financial statement for  
2 the preceding fiscal year, covering all accounts and associ-  
3 ated activities of the executive branch of the United States  
4 Government. The financial statement shall reflect the  
5 overall financial position, including assets and liabilities,  
6 and results of operations of the executive branch of the  
7 United States Government, and shall be prepared in ac-  
8 cordance with the form and content requirements set forth  
9 by the Director of the Office of Management and Budget.  
10 “(2) The Comptroller General of the United States  
11 shall audit the financial statement required by this sec-  
12 tion.”.

Passed the Senate September 28 (legislative day,  
September 12), 1994.

Attest:

*Secretary.*

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